

STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102*

PETITION OF GLOBAL CROSSING)	<u>TELECOMMUNICATIONS</u>
TELECOMMUNICATIONS, INC. AND)	
GLOBAL CROSSING NORTH AMERICA)	<u>ORDER OF APPROVAL</u>
NETWORKS, INC. FOR APPROVAL TO)	
PROVIDE GUARANTEES IN CONNECTION)	
WITH AN AMENDED AND RESTATED)	DOCKET NO.: TF01010026
CREDIT AGREEMENT ENTERED INTO BY)	
THEIR PARENT, GLOBAL CROSSING LTD.)	

Kelley, Drye & Warren LLP, by Enrico Soriano, Esq., for Global Crossing
Telecommunications, Inc. and Global Crossing North America Networks, Inc.
Licensing Company, N.E.

Fred S. Grygiel, Chief Economist, Mark C. Beyer, Manager, Leo M. Lim, Supervising
Accountant and Julie Huff, Accountant I, Office of the Economist on behalf of the
Staff of the Board of Public Utilities.

BY THE BOARD:

On January 12, 2001, Petitioners, Global Crossing Telecommunications, Inc. ("GC-Tel") and Global Crossing North America Networks, Inc. ("GC-Net") (together, "Petitioners"), pursuant to N.J.S.A. 48:3-7, filed their petition with the New Jersey Board of Public Utilities ("Board") seeking its approval for GC-Tel and GC-Net to provide their guarantees in connection with an amended and restated Credit Agreement entered into by their parent, Global Crossing Ltd.

Petitioners presented evidence through their verified petition and their response to the staff's request for further information. The petition and additional information submitted reveal that Petitioners' ultimate parent company is Global Crossing Ltd. ("Global Crossing"). Global Crossing, a Bermuda company, is a major international telecommunications provider, building and offering services over the world's first independent global fiber optic network. Following completion of the company's current network development projects, Global Crossing's network, telecommunications and Internet product offerings will be available in markets constituting over 80% of the world's international telecommunications traffic. Through its subsidiaries, primarily Global Crossing North America, Inc. ("GCNA"), Global Crossing provides integrated long distance, local, wireless, teleconferencing and value-added services to over two million business, government and residential companies as well as to other telecommunications companies. GC-Tel, a subsidiary of GCNA, is a nationwide interexchange carrier, offering a full range of long distance services. GC-Net, another subsidiary of GCNA, is also authorized nationwide to provide interexchange services; however, GC-Net currently holds network facilities for the domestic Global Crossing entities and has no retail or unaffiliated carrier customers.

Global Crossing, along with The Chase Manhattan Bank and other Lenders listed in the petition, is party to an existing Credit Agreement. Subject to receipt of required regulatory approvals, the parties have agreed to amend the Credit Agreement, increasing the total amount available from \$1 billion to \$2.25 billion. The expected terms of the amended and restated Credit Agreement are described in the petition. The borrowings may be used for general corporate purposes, including working capital and capital expenditures. Subject to certain restrictions, some of the funds also may be used for acquisitions and investments. The Credit Agreement requires guarantees from specified subsidiaries of Global Crossing, including GCNA, GC-Tel and GC-Net.

According to Petitioners, the proposed transaction is in the public interest by enhancing the ability of Global Crossing, and its subsidiaries, including GC-Tel and GC-Net, to grow and compete in the highly competitive markets for telecommunications services in New Jersey and nationwide. This financing arrangement will provide the companies with the financial resources needed to continue to develop new products and services and to respond aggressively to the highly competitive telecommunications environment.

By letter dated July 10, 2001, the Division of the Ratepayer Advocate states it, "...does not object to approval of the petition...".

After review, the Board HEREBY FINDS that the transaction is in accordance with the law, is in the public interest and approving the purposes thereof, HEREBY AUTHORIZES Petitioners to provide their guarantees in connection with the Credit Agreement as described herein. This Order is issued subject to the following conditions:

- 1) An event of default under the Credit Agreement or any related agreement shall not result in any automatic transfer of ownership of any of Petitioners' certificates issued by the Board.
- 2) Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions approved hereunder or other supporting documents, a default or assignment under such agreement does not constitute automatic transfer of Petitioners' assets or shares of capital stock. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq., where applicable.
- 3) The Board's approval herein shall not be interpreted as limiting the Board's authority over the Petitioners to the extent that any action contemplated in the Credit Agreement would require further Board review and approval under applicable law.
- 4) This Order shall not affect or in any way limit the exercise of the authority of this Board, or of this State, in any future petition or in any proceedings with respect to rates, franchises, services, financing (including the method of sale of securities), accounting, capitalization, depreciation or in any other matter affecting the Petitioners.
- 5) This Order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets of commensurate value or investment costs.

- 6) The authority granted in this Order shall become null and void and of no effect with respect to any portion thereof which is not exercised by December 31, 2001.

DATED: July 13, 2001

BOARD OF PUBLIC UTILITIES
BY:

[SIGNED]
CAROL J. MURPHY
ACTING PRESIDENT

[SIGNED]
FREDERICK F. BUTLER
COMMISSIONER

ATTEST:

[SIGNED]
FRANCES L. SMITH
BOARD SECRETARY